

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-05 H-01  
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R 021444Z JUN 78  
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INFO AMEMBASSY HELSINKI  
AMEMBASSY VIENNA  
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USMISSION USNATO  
USMISSION GENEVA  
AMCONSUL KRAKOW POUCH  
AMCONSUL POZNAN POUCH

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E.O. 11652: N/A  
TAGS: ETRD FI PL  
SUBJ: VISIT OF FINNISH PRIME MINISTER SORSA TO POLAND, MAY 17-19,  
    1978

BEGIN SUMMARY: ECONOMIC DISCUSSIONS, PARTICULARLY CONCERNING WAYS  
OF RECTIFYING FINLAND'S TRADE DEFICIT WITH POLAND, DOMINATED THE  
VISIT OF PRIME MINISTER SORSA. FINNISH EMBASSY SOURCES HAVE TOLD  
US THAT SORSA WAS "QUITE BLUNT" IN TELLING THE POLES THEY MUST  
TAKE STEPS TO CORRECT THE DEFICIT. THE FINNS MUST NOW WORK TO  
TRANSLATE THE "PROMISES" THEY RECEIVED INTO ACTUAL CONTRACTS.  
POLISH REDUCTIONS UNDER THE 1976 POLAND-FINLAND AGREEMENT TO  
ELIMINATE TARIFFS BY 1980 HAVE APPARENTLY HAD NO IMPACT  
ON FINNISH EXPORTS TO POLAND. THE IMPACT OF THIS AGREEMENT MAY  
INCREASE, WE WERE TOLD, BECAUSE POLAND MAY BE INTERESTED IN  
CONCLUDING SIMILAR AGREEMENTS WITH AUSTRIA OR SWEDEN. END SUMMARY.

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1. FINNISH PREMIER KALEVI SORSA VISITED POLAND MAY 17-19 AND  
WAS RECEIVED BY FIRST SECRETARY GIEREK, PREMIER JAROSZEWICZ,  
FOREIGN TRADE MINISTER OLSZEWSKI, AND OTHERS. MUTUAL PERCEPTIONS  
ON THE NEED FOR STRENGTHENING DETENTE AND SPEEDING DISARMAMENT  
RECEIVED FIRST MENTION IN THE OFFICIAL COMMUNIQUE, BUT ECONOMIC  
DISCUSSIONS CLEARLY DOMINATED THE VISIT.

2. THE FINNISH COMMERCIAL COUNSELOR HAS TOLD US THAT SORSA WAS SURPRISINGLY BLUNT IN TELLING THE POLES THEY NEED TO TAKE STEPS TO CORRECT FINLAND'S TRADE DEFICIT WITH POLAND. POLISH OFFICIALS, HE SAID, RECOGNIZED THE NEED TO BALANCE THE BILATERAL TRADE ACCOUNT, AND THIS POINT WAS MENTIONED SEVERAL TIMES IN POLISH PRESS ACCOUNTS OF THE VISIT. SORSA RECEIVED SEVERAL "PROMISES" FROM THE POLISH LEADERSHIP TO SPEED COOPERATION IN AREAS SUCH AS FORESTRY PRODUCTS AND MACHINERY AND EQUIPMENT FOR POLISH PORTS, BUT NO SPECIFIC COMMERCIAL ARRANGEMENTS HAVE BEEN WORKED OUT.

3. IN RESPONSE TO OUR QUESTIONS, THE COMMERCIAL COUNSELOR SAID POLAND HAS, IN ACCORD WITH ITS 1976 TRADE AGREEMENT WITH FINLAND, REDUCED BY ONE-THIRD ITS TARIFF ON IMPORTS FROM FINLAND. HOWEVER, HE SAID THIS HAS HAD NO IMPACT ON THE COMPETITIVE POSITION OF FINNISH EXPORTERS. THE TARIFFS ARE ASSESSED IN ZLOTYS, AND POLISH FIRMS ARE SENSITIVE ONLY TO THEIR HARD-CURRENCY IMPORT COSTS. THE COUNSELOR THOUGHT THE POLES WOULD MOVE TO IMPROVE FINLAND'S RESULTS UNDER THE AGREEMENT "BECAUSE THEY PROBABLY WANT TO CONVINCE OTHER COUNTRIES THAT SUCH AGREEMENTS CAN BE ATTRACTIVE." HE SAID HE HAD NOT HEARD WHETHER THE GOP WAS DISCUSSING THIS POSSIBILITY WITH OTHER COUNTRIES, BUT HE WAS ALMOST CERTAIN THE POLES WOULD LIKE TO INTEREST THE AUSTRIANS AND SWEDES IN A SIMILAR ARRANGEMENT.

4. THE COUNSELOR SAID FINLAND'S UNCOMPETITIVE CREDIT TERMS REPRESENTED THE LARGEST IMPEDIMENT TO INCREASING ITS EXPORTS TO LIMITED OFFICIAL USE

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POLAND. MINISTER OLSZEWSKI HAD PUSHED FOR A COMMITMENT TO PROVIDE CREDITS OF TWO TO THREE YEARS FOR FINNISH EXPORTS OF PAPER AND WOOD PRODUCTS. THIS QUESTION IS UNDER CONSIDERATION BY THE FINNS, WHO DO NOT WANT TO MAKE A PRECEDENT-SETTING AGREEMENT EASING THE TERMS FOR THEIR MAJOR EXPORT ITEM. FRANCE, SWEDEN, AUSTRIA, AND NORWAY HAVE ALREADY INCLUDED THESE PRODUCTS UNDER THEIR CREDIT LINES FOR POLAND.

5. THE FINNS DID RECEIVE ONE IMPORTANT TRADE CONCESSION FROM POLAND, THE COUNSELOR SAID. THE POLES AGREED THAT COUNTERPURCHASE REQUIREMENTS SHOULD NOT BE APPLIED TO TRADE BETWEEN THE TWO COUNTRIES. THE POLES AGREED TO THIS POINT DURING THE APRIL SESSION OF THE FINNISH-POLISH TRADE COMMISSION. THE COUNSELOR ASKED THAT WE NOT MENTION OUR SOURCE FOR THIS INFORMATION, HOWEVER. WE AGREED NOT TO DO SO AND SAID WE HAD HAD INEFFECTUAL DISCUSSIONS WITH THE POLES FOR SOME YEARS ON THEIR COUNTERPURCHASE REQUIREMENTS.

6. THE COUNSELOR SAID HE IS TRYING TO GET FINNISH COMPANIES TO REDUCE COAL PURCHASES FROM POLAND IF NO IMPROVEMENTS IN FINNISH EXPORTS ARE FORTHCOMING FROM THE SORSA VISIT. FINNISH IMPORTERS ARE UNFORTUNATELY "HARD TO CONVINCE" IN THIS REGARD, HE SAID.

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRIME MINISTER, VISITS, MINISTERIAL VISITS  
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**Draft Date:** 02 jun 1978  
**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
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**Document Number:** 1978WARSAW04655  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Previous Classification:** n/a  
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**TAGS:** ETRD, FI, PL, (SORSA, KALEVI)  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014